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Korea's Anti-Inflation Measure - Additional TRQ's

Report Categories:

Trade Policy Monitoring

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Report Highlights:

On March 7, 2011, the Ministry of Strategy and Finance (MOSF) announced temporary duty reductions on an additional list of tariff-rate quota (TRQ) items, including several agricultural commodities, to stabilize food prices amid growing inflationary pressures driven by rising oil and raw material costs in the global market. The MOSF measure also expanded the previously opened zero-duty TRQ amount for powdered milk and frozen pork belly to ease price hikes due to the massive slaughter of livestock caused by the foot-and-mouth disease (FMD) epidemic across the country. Finally, the in-quota duties were lowered from 1 to 0 percent for corn for processing, soybean meal, and vegetable oils. The additional TRQ measures went into effect on March 7, 2011.

General Information:

On March 7, 2011, the Ministry of Strategy and Finance (MOSF) announced temporary duty reductions on an additional list of TRQ items, including several agricultural commodities, to stabilize food prices amid growing inflationary pressures driven by rising oil and raw material costs in the global market. The MOSF measure also expanded the previously opened zero-duty TRQ amount for powdered milk and frozen pork belly to ease price hikes due to the massive slaughter of livestock caused by the foot-and-mouth disease (FMD) epidemic across the country. Finally, the in-quota duties were lowered from 1 to 0 percent for corn processing, soybean meal, and vegetable oils. The additional TRQ measure went into effect on March 7, 2011.

- New agricultural items under the TRQ system for 2011: Live chicks for laying, frozen cream, butter, cheese, dried egg powder, potato flour, cocoa preparation, coconut powder, lactose, cocoa beans, processed butter, cotton yarn and prepared ground-nuts.
- Quota volume increased items additionally: Frozen pork belly, Skim and whole milk powder. According to the additional TRQ measurements, the Government of Korea imposes no import duties on 30,000 tons of powered skim & whole milk through the end of 2011. The amount of frozen pork belly subject to no import duties also was expanded from the previous 10,000 tons to 60,000 tons. This allocated additional quantity for frozen pork belly will be enforced through the end of June.
- Quota tariff decreased items additionally: Maize for processing, soybean oil-cake, olive oil, sunflower seed oil, rape seed oil, maize oil, grape seed oil, soybean oil.

Table I shows TRQs in effect through June 30, 2011 and Table II shows TRQs in effect through December 31, 2011. [See previous GAIN report.](#)

Table I. Voluntary Tariff Rate Quota (TRQ) quantities and In-quota rates until December 31, 2011

HS No.	Commodity	2011 Applied Tariff Rate	Quota Tariff Rate (%)		Trade (Metric ton)	
			2011	2011 Quota (MT)	2010 Total Imports	2010 Imports from U.S.
0105	Live chicks for laying, weighing not more than 185g 0105 11	9	Zero	1 million birds	0	0
0401	Frozen cream 0401 30	36	Zero	17,000	4,738	0
0402	Skim milk powder, granules or other solid forms, of fat content, by weight, not exceeding 1.5 % Milk and cream, not containing added sugar or sweeteners 0402 10	20/176 A/	Zero	from 8,000 to 26,000 l/	7,875	650

0402	Whole milk powder, granules or other solid forms, of fat content, by weight, exceeding 1.5 % Milk and cream, not containing added sugar or sweeteners 0402 21 0402 29	40/176 B/	Zero	from 1,000 to 4,000 J/	1,357	2
0405	Butter 0405 10	40/89 C/	Zero	3,500	3,039	66
0405	Processed Butter Dairy spreads 0405 20 Other, Of a butter content, by weight, exceeding 70 % 2106 90	8	Zero	40,000	23,468	2,445
0406	Mozzarella cheese, fresh 0406 10 Cheddar cheese, fresh 0406 90	36	Zero	23,000	37,546	9,654
1005	Maize for processing 1005 90	3	from 1 to 0 G/	2,234,000	2,002,501	1,284,899
1105	Potato flour, meal and powder 1105 10 Potato flakes, granules and pellets 1105 20	5.4/304 D/	Zero	1,500	61	0
1702	Lactose 1702 11 Other Lactose 1702 19	20/49.5 E/	Zero	20,000	15,355	9,534
1806	Cocoa preparation, excluding chocolate and chocolate confectionery 1806 20	8	Zero	5,000	7,079	365
2008	Prepared ground-nuts, excludes peanut butter 2008 11	40/63.9 F/	24	10,000	27,966	915
2304	Soybean oil-cake for feed 2304 00	1.8	from 1 to 0 H/	2,700,000	1,777,167	385,563

Source: Ministry of Strategy and Finance (MOSF) & Korea Customs Service (KCS)

Note:

A/: 20 percent for In-quota duty, while 176 percent for out-of-quota duty rate

B/: 40 percent for In-quota duty, while 176 percent for out-of-quota duty rate

C/: 40 percent for In-quota duty, while 89 percent for out-of-quota duty rate
D/: 5.4 percent for In-quota duty, while 304 percent for out-of-quota duty rate
E/: 20 percent for In-quota duty, while 49.5 percent for out-of-quota duty rate
F/: 40 percent for In-quota duty, while 63.9 percent for out-of-quota duty rate
G/ & H/: Quota tariff down from 1 percent to zero percent.
I/: Quota has increased to 26,000 tons from the earlier 8,000 tons
J/: Quota has increased to 4,000 tons from the earlier 1,000 tons

Table II. Voluntary Tariff Rate Quota (TRQ) quantities and In-quota rates until June 30, 2011

HS No.	Commodity	2011 Applied Tariff Rate	Quota Tariff Rate (%) 1/		Trade (Metric ton)	
			2011	2011 Quota (MT)	2010 Total Imports	2010 Imports from U.S.
0203	Frozen pork belly 0203 29	25	0	from 10,000 to 60,000 c/	191,133	67,977
0408	Dried egg powder 0408 91	27	0	300	2	1
1106	Coconut powder 1106 30	8	0	Unlimited	2,008	9
1507	Soybean oil, crude oil for food 1507 10	5.4	from 4 to 2.5 a/	Unlimited	255,458	49,153
1509	Olive oil, virgin 1509 10	8	from 4 to 0 b/	Unlimited	9,616	0
1509	Olive oil, other 1509 90	8	from 4 to 0 b/	Unlimited	1,702	13
1512	Sunflower seed oil, refined 1512 19	10	from 4 to 0 b/	Unlimited	17,599	20
1514	Rape oil or colza oil, crude oil 1514 11 1514 91	8	from 4 to 0 b/	Unlimited	50,630	0
1515	Maize oil, crude oil / other 1515 21 1515 29	8	from 4 to 0 b/	Unlimited	360	5
1515	Grape-seed oil, refined 1515 90	8	from 4 to 0 b/	Unlimited	17,259	158

1801	Cocoa beans, raw 1801 00	2	0	Unlimited	4,100	0
5205	Cotton yarn 5205 12 5205 32	2	0	Unlimited	29,949	0

Source: Ministry of Strategy and Finance (MOSF) & Korea Customs Service (KCS)

Note:

a/: Quota tariff down from 4 percent to 2.5 percent.

b/: Quota tariff down from 4 percent to zero percent.

c/: The quota for frozen pork belly increased to 60,000 tons from the previous 10,000 tons.